Interview with Shelby Cullom Davis

The Association for Diplomatic Studies and Training Foreign Affairs Oral History Project

AMBASSADOR SHELBY CULLOM DAVIS

Interviewed by: Gordon W. Evans

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Q: I'm sitting in the Princeton Club. It is 11:20 on Tuesday, October 4, 1988, here in New York City. I am Gordon W. Evans, a Foreign Service officer, and I have the privilege today to interview the Honorable Shelby Cullom Davis, who was Ambassador to Switzerland from 1969 to 1975.

Mr. Ambassador, may I start with a focus on how you, in fact, became involved in foreign affairs? You come from a very rich background in terms of your educational experiences. Could you give us some insight as to what influenced you to spend this time in Switzerland as ambassador of the United States?

DAVIS: I had been interested in foreign affairs during my four years at Princeton, and each summer I went to Europe, once to England, actually bicycled through England, stayed at Oxford, then to Germany the next year, bicycled alone in Germany. Then the next year, I went to Russia with five other Princetonians, and this was 1929. Very few people went to Russia in those days. We had a very interesting time, the normal things—Leningrad, Moscow, and Kiev, then Yalta. Actually, we went to Yalta, you see, because that was a very famous name because of the war.

The next year, 1930, I went to Geneva as the representative of my college, which was Princeton, in what was set up as a kind of little League of Nations. The Rockefeller family were very generous about this, because I think Professor Zimmern of Oxford, who was the great internationalist of the day, thought it would be a wonderful thing if the young people could take part in a kind of League of Nations, and only one, just as one from each country is a delegate, one from each university. There was just one from Oxford, one from Cambridge, and then one from someplace in the Philippines, and so on. It is very fortunate that I happened to be chosen, although I don't know that there was all that much competition to be the representative.

But my wife-to-be happened to be at that place, my wife Kathryn. We hadn't met, but she had been the previous summer in Russia, too, with her sister, going into Swanetia by horseback. This is because the great anthropologist of the day, Professor Leslie White, wanted to have a little group, but he was trying to see where the American Indians came from, and there was a theory that they came out of the mountains in Russia, the Urals. So the fact that she had been in Russia the summer before and I had, too, when in 1929 virtually no one went to Russia, was one bond between us. We were married about a half-year later, in time to go to Geneva.

I've always had an interest, I think, in foreign affairs, dating from that time, my college years.

Q: What would be the impact of Columbia University and International House? They both were institutions that you attended.

DAVIS: They had a very important impact, because this was, of course, in 1930, and no jobs at all were available. I wanted to be a journalist, but the World went under, that is, the New York World, which was one of the great papers. Unfortunately, they failed, and, of course, there were a lot of journalists looking for jobs. But it was a very fortunate thing for me, because I took two seminars which were very important, and one was with James T.

Shotwell. We had a seminar with Professor Shotwell twice a week at his house in upper Broadway, in his apartment. James T. Shotwell was the author, of course, of the Kellogg-Briand Pact, and he was very outstanding in those days. In a word, if you studied under Shotwell, that was considered a very important thing. Of course, the second one was Carlton Hayes, who later became our ambassador to Spain a number of years later. Both very important people.

When a job opened up at CBS, in December of 1931 I first learned of it. There was a World Disarmament Conference going to meet in January 1932, and America was going to participate, all the countries, because Japan moved into Manchuria in the fall of 1931. Hitler was in the wings, not yet Chancellor. But people were worried. Our State Department was, and others, England and so on. So they set up this World Disarmament Conference. Mr. Frederick William Wile, who was the great man in those days at Columbia Broadcasting, needed an assistant, and he advertised for it. Consequently, the letters that I think Professor Shotwell and Professor Hayes wrote on my behalf were really instrumental in getting me that job. So I was consequently in Geneva about two years, broadcasting the World Disarmament Conference, but also taking courses on the side, because they had large periods when the conference wasn't meeting, and finally got a doctor's degree from it, as did my wife.

Q: That's wonderful. She and you both at one stage or other of your careers resided at International House.

DAVIS: Yes, I did. Kathryn did also - but for only one semester. Her sister, who had gone to Russia with her, came over to New York and they had an apartment together. But I lived in International House, I would say, from September 1930 until early January 1932, when we left for Europe and were married just before we left. That would be almost a year and a half. I prized my time at International House very, very much indeed. That was a great international experience, it really was.

Q: Thank you, Mr. Ambassador. If one were to focus on the principal element or principal actual focus of US policy in Switzerland during the years you were accredited there, how would you summarize that?

DAVIS: I was named ambassador for a very simple reason, really, but the fact is, I had known Bill Rogers, who was Secretary of State, because he had been a young Dewey man. I had had the title of Economic Advisor to Thomas E. Dewey in the 1940 campaign for the presidency, and in 1944. Bill Rogers had been a young man also, ringing doorbells. He was on the political side, and I was economic advisor, which meant a speechwriter and a position writer. But he was getting out the vote, which was probably more important.

He knew about my interest in Switzerland, having been there, and they needed someone who had some connections in Switzerland, which we, of course, had, having gone to the university there had known a lot of people, and we had skied there also, really every year since 1959. They had discovered, actually through Bob Morgenthau, who was then the district attorney for the southern district of New York, that the Mafia and other criminal elements were taking satchels of money over to Switzerland on the new fast planes (the planes had become much faster in the '60s) and deposited them in a bank which was kind of laundering the money. Then it would be brought back, and they'd buy into legitimate enterprises. So he had known that, and no one else had realized that this was happening. He had taken it up with the State Department and, in particular, Bill Rogers. Bill had known that I had lived in Switzerland and known a lot of people there, and I think that's the reason I was selected for, I might say, six happy years there. But it was really to look into the banking secrecy; that's why I was chosen. That was my mission, actually, to get a treaty with them.

Q: In terms of the focus on the banking secrecy and the collaboration of the banking system of Switzerland with that of the United States and other banks of the world, this was a principal focus of yours.

DAVIS: It was my real focus. It was considered a very important thing, the Mafia sending over the money which they had earned illegally in America, and then buying into legitimate enterprises. But of course, the Swiss themselves thought the banking secrecy was a perfectly good idea, and I understood it, because in 1933, they passed their first banking secrecy law. Most people think that it started in the Middle Ages. Not at all. The reason they passed it was because under Hitler, who came into power in 1933, people, not only those of Jewish faith, but liberals, in general, wanted to get out of Germany, but they didn't feel that they could take a lot of money with them. They couldn't get the money out of the banks. So they began taking holidays in Switzerland and bringing over some money and depositing it in the bank. Hitler heard of it, or his henchmen heard of it, and they began bribing people at a lower level in the Swiss banks to tell them if this was happening and give the names. Of course, this is a very bad thing. So the Swiss thought it was a perfectly legitimate thing to help these distressed people in Germany, and I thought so, too. I think the fact that I understood that, having lived in Switzerland in 1933 and 1934, helped me with the Swiss, because they felt, “This fellow is sympathetic and he understands the problem.”

Q: Were there corrections that the Swiss government was prepared to make in terms of banking secrecy at that point in time?

DAVIS: Not at all at first. It took some time, actually, a lot of talking together and getting to know them. They didn't want it touched, really, at first. I could understand that. They used to have a saying, “Why don't you catch your own crooks?” (Laughs) But then they finally realized that they didn't really want to be having their own banks harboring money for crooks, so eventually we worked out a treaty. It's called the Judicial Assistance Treaty, which was passed unanimously in the Swiss Parliament and unanimously in our Senate, by which they would give judicial assistance on application, that is, it had to be a criminal, someone doing something that they shouldn't do, and then they would help us. We had a lot of different versions of it, but this is what finally took place.

Q: That's fascinating. I realize in Switzerland you had the American ambassador to the UN complex based in Geneva, and you were based in Berne. What is that relationship? It's unique. To a certain extent, I guess it would exist in the United States, but, of course, we do not have an American ambassador to Washington.

DAVIS: Quite true. We had a very friendly relationship, but actually, this was a separate part, that is, to Switzerland, whereas the ambassador in Geneva is the ambassador to the United Nations. Then he also has duties with the other part of our foreign policy there.

Q: So the liaison was such that he would keep you generally informed, you were responsible for the relationship with . . .

DAVIS: Exactly.

Q: In terms of various initiatives of the Nixon Administration, I believe you went in July of 1969 to the post.

DAVIS: Yes.

Q: I believe the announcement was made on the 19th of April 1969.

DAVIS: Yes, that's right.

Q: What would be the Swiss reaction? In a formal policy sense, did you make demarches or were you involved in any way in the opening toward China? How was that very historic initiative perceived?

DAVIS: Really, we had, actually, nothing to do with that. It was other people on that side of the world, but we were very interested. One thing that we did do, which was a little different—this is toward Russia—when President Nixon, in the fall of 1970, went to Romania, this is, of course, one of the satellite countries, and was greeted, he gave a big speech at the airport. It was quite a sensation for an American President to be going to

one of the Iron Curtain countries. I then thought, “Possibly he's shown the way. Perhaps we should very quietly open up with the Russians.” I had been there, and my wife had been there, and she had, by that time, written a book on Russia called The Soviets at Geneva.

We then, with the Department's approval, inaugurated luncheons with the top Russians, the ambassador and four or five of his colleagues and four or five other colleagues and myself, we had luncheons together every two months for some time. We really built up a kind of friendship with them.

But as far as China, we really had nothing to do with that; it was far away. But we admired what was being done by Kissinger.

Q: Another initiative was to begin the withdrawal from Vietnam. Were there any demarches or direct involvements that you had with the government of Switzerland during this critical period?

DAVIS: Yes. We were asked by the Department to try to influence the Swiss government so that they would take, say, the American side in Vietnam. But unfortunately, they're neutrals, and they just didn't want to do it. I could understand it, but we were disappointed.

Q: Let me move on, if I could, to Switzerland's principal objectives as far as the US was concerned, from your perception during your service there.

DAVIS: Oh, it's very friendly, extremely friendly. Of course, many Swiss have come to the United States. I happen to be president of the American-Swiss Association, and tomorrow night, Frank Carlucci, our Secretary of Defense, and his wife are coming up here. He is of Swiss ancestry, and he's receiving an award given every year for someone of Swiss ancestry who has succeeded here. It's called the Friendship Award between Switzerland and America. So many very friendly relationships. I can't think of any unfriendly part.

Q: Would there have been any aspect of the relationship during the 1969-75 period, where the government called you over and requested that you inform the President of the United States on a position that they took?

DAVIS: I can't think of any. No, they were very friendly and they still remain good friends. No, I can't think of any. I think they admire the American democracy. Of course, their Constitution was shaped a little bit on our Constitution, too, two sides of Parliament, etc.

Q: I think you may have touched on this earlier, Mr. Ambassador, but if you were to zero in on one or two of your most significant accomplishments, what would they be during that ambassadorship?

DAVIS: The real accomplishment was getting the Judicial Assistance Treaty, because a lot of people were not for it at all, at first. “Catch your own crooks.” Then when we talked a little bit further, they thought, “Well, why do we have to sign a treaty? We'll just do it in an ad hoc business.” Then we had to persuade them to sign a treaty which would be signed and be a much more serious thing. But aside from that, I think that was what I was sent for.

It was a friendly country, anyway, but we did a lot in traveling. We would be in Geneva one night for dinner. We entertained a great deal in order to get to know them better, and we had some of the Swiss saying, “You people know much more than we do about our own population.”

Q: I would say that is, from my experiences, diplomacy at its best, which is to facilitate a host country, a people's understanding of their own culture and richness.

DAVIS: Yes. Yes, I think so, too.

Q: Because of what you've said, there may be nothing that we can really capture here, but what was your greatest frustration during that six-year period?

DAVIS: I suppose the slowness with which we got the Judicial Assistance Treaty. I don't think they really wanted to do it at all, and I won't say any pressure was applied, but we had to keep at it. I think they really thought they'd have an informal understanding rather than passing Parliament or passing our Senate. But I think that otherwise, it was a very friendly. People said, without knowing it, of course, I didn't advertise what my mission was when I went there, and friends said, “You'll come back a better skier than you are now. You'll have a great time there,” without realizing I really had a mission. (Laughs)

Q: The banking leadership undoubtedly would have been hesitant and cautious. Where did you find the leadership within the power structure of Switzerland to push on this?

DAVIS: They have, of course, the head of the banks, and he is a very key man. Actually, I'm having luncheon with him next week. He's over here. He's now not head of the bank; he's retired from that. I think they really had more importance than the politicians themselves. I think they are the ones who made the ultimate decision of, “Let's go along and do it with them.”

Q: So you spent a fair amount of time cultivating him and other of his colleagues?

DAVIS: Yes. Yes, I did, and we got Paul Volcker to come over. He was then Assistant Secretary of the Treasury. They enjoyed meeting him, a fine fellow. He came over a number of times. We would give dinners for him, and they all enjoyed meeting him. Then, of course, Arthur Burns came over, whom they also liked very much, a quiet man, but a very able fellow. So this was something we could, in a sense, give the bankers in Switzerland, and they enjoyed it. That, I think, helped.

Q: In respect to that service from 1969 to 1975, and this would be true of the entire embassy staff and your various posts throughout the country, is there anything you would have done differently?

DAVIS: I honestly don't think so. Maybe we could have gotten it a little quicker, but at the same time, it was all very friendly, and I think if we had tried to do it quicker or really tried to threaten them, I think that would have been the wrong thing. No, I honestly don't think so.

Q: It would have been counterproductive.

DAVIS: Yes, I think so.

Q: Since this is central to your service there, let us review the chronology. You arrived in July of 1969. When did you first make the demarche to the government in regard to the banking?

DAVIS: I would say about a half-year later. By that time, I had met all the people in the government whom I didn't know. I knew some of the bankers, anyway, because we had known them in Geneva, as well as in Zurich. I think it was about a half-year later that I took it up with them in a serious vein, that this was my mission. I wanted to cooperate with them.

Q: Did you have white papers? Did you have research documents that made reference to the mutuality of concern that you left with them, or was this largely verbal?

DAVIS: It was largely verbal, really. Verbal seemed to be a better way of doing it, not something in black and white, at the beginning.

Q: I think this a very, very important thing. This is the centerpiece, really, of your ambassadorship.

DAVIS: Yes, it was, definitely.

Q: In a quantitative sense, in the process or procedural sense, what evolved? If this was six months later, it would have been early in 1970 that you brought this to their attention.

DAVIS: Yes. That's right.

Q: The premier secret banking country of the world received an ambassador who knew them well, and your mission was very clear. What then was the next step after opening this as a concern with them? Who then took the initiative? Did they or did you?

DAVIS: I think it was joint. They said, in effect, “Won't you bring over some of your technicians from the Treasury Department, and we'll have technicians at a lower level, and they can talk about it?” And that's really what started. Then this went on. I was not present in those talks, and neither was the head of departments there present. This happened, I would say, about four different times before there finally was an agreement at a lower level, and then at a higher level.

Then Walter Stoessel, who was Under Secretary of State and a very fine fellow, a wonderful man (we saw his wife in Maine just a week ago; he, of course, passed on two years ago), an outstanding fellow, he then was brought over for the signature, which took place, I think, in the spring of 1974.

I came back a year later. We wanted to see how it would be received in Congress and also there, and that's really the reason I stayed on, enjoying it, also.

Q: Most certainly. In terms of your overall view of US foreign policy towards Switzerland during this period, would you consider that this policy, which is very complex, naturally, was effective?

DAVIS: Yes. Oh, I think so. It is being effective right now. They have the power and have used it, and I could mention several examples. I don't have all the names and so on, but there was someone who collected money from a lot of people, misguided, and then

he took them to some place in South America. All of them eventually died. That's not a very clear story. I was out of the government then. It was considered that he was doing something dishonest, and he had the money in Swiss bank accounts. So the Department, then using this Judicial Assistance Act, was able to find out that he actually was swindling these people, and he was eventually, I think, put in prison, but, I'm sorry to say, not after a number of them had died. It was a terrible scandal probably ten years ago. I know that it's been used in other instances, as well, but that was an outstanding one.

Q: In terms of the Foreign Service as we know it, this would be both in the richness of your bringing your background with national political movements, Governor Dewey on two occasions, and your other services with the government, and being the father of a son and of a daughter, would you have at any point in your relationship with them recommended that they seriously consider the Foreign Service?

DAVIS: It never was actually brought up, but I would have certainly said so. I think it's a wonderful career. We found the people we were working with in the embassy really first-rate. We liked them all. Of course, they then go on to other countries for another two or three years, but we think it's a great service. I'm on the board of the Council of American Ambassadors, and I think very highly indeed of the service. I do. I think it's a wonderful career.

Q: A career officer often is asked by others, and it's quite appropriate, and I hope you consider it a positive question, of the nature and the difference and, in that sense, the richness of our foreign service leadership, where some ambassadorial appointments are political and some are career. Do you feel that the mix is about right?

DAVIS: That's more or less my feeling. In the very difficult posts, such as Russia, of course, it's always a career man. They've had very good people there. I think it is, it seems to me, about the right mix. At least I haven't heard anything really much to the contrary.

Perhaps the career people. But I think they are perhaps used to it. England is political, generally Switzerland is, too, but not always.

Q: Who was your predecessor?

DAVIS: He was a newspaper publisher of the Washington Star. After myself, we had a couple, one by the name of Davis, and he actually was a career man and a very fine fellow. His father was head of the Technology Institute in Hoboken, a very high level one. His name slips me right now, but he was a career man. Actually, he had been in Chile, and he had been blamed—this was later on—for the fact that the bombs killed Allende. They said he had something to do with that, falsely. My Deputy Chief of Mission, Dick Vine, who is a career man, also later on became ambassador to Switzerland. So Switzerland is kind of half and half. I think, generally, the Court of St. James is a political appointment.

Q: In terms of the career service and coming into Switzerland with a good view and grasp of the country, the culture, the mysteries that make Switzerland so dynamic and effective in the world scene, did you feel that more or less both your senior and junior officers that were on your diplomatic team in Switzerland were well trained and effective?

DAVIS: I thought so. We both did, my wife, too, and the girls that they had married, we thought they were all very good. They were, of course, performing without any salaries, which I gather is in some question now. I'm not sure exactly how far it's gone. We thought they were all very nice people and effective people. Yes, we did. I can think of only one, and I'd prefer not to mention his name, but Dick Vine and I both thought that this fellow wasn't quite up to it. He was in the consul side, and eventually he got another job. Otherwise, we were looking.

Q: Let's step back for just a moment. You mentioned that early on in your Princeton years, which would have been in the late 1920s, you were right out in the Soviet Union, one of the few Americans that happened to be there, fascinating, including Switzerland. But then you had the service in your early '60s as ambassador to Switzerland. I have just

had reported to me from Mrs. Abby O'Neill (grand daughter of John D. Rockefeller) who traveled with you in the Soviet Union in August and September, that at 79, you're very hard to keep up with. What would you feel are the three or four most significant achievements since 1975 that in part were influenced by your ambassadorship to Switzerland?

DAVIS: I suppose it's a continuing interest in problem countries. We continue to go to Russia every second year. We were actually in Siberia last year, and we went again this year. We hadn't been before. And also in China. We're doing that every two or three years. Actually, this Council of American Ambassadors went three years ago. We had people at a high level giving us briefings and all of that. Of course, Japan, which is so successful, we've been going there. We go every couple of years, as a matter of fact. We're quite interested in it. I agree with the ambassador, Michael Mansfield, who had been the Majority Leader of the Senate on the Democratic side. He gave us a wonderful briefing, a very able fellow. I think he's over 80 now, and he's been there perhaps now ten years. But he gave us the best briefing, I think. This was with the State Department approval, about an hour and a half, more figures out of his head, but he also ended with this. He said he thinks that the future belongs to the Pacific ring, and I rather think that, too. But that he would say that to us, of course, it was in-house, but I agreed with him. He made a remarkable showing, I thought, Mansfield.

Q: An extraordinary man.

DAVIS: I thought so. Excellent.

Q: He accompanied the Crowned Prince and Princess to the United States in October.

DAVIS: I didn't realize that.

Q: I would presume that the Crowned Prince shortly will be the new Emperor of Japan.

DAVIS: Properly so. I didn't realize that. Well, good for him. I think he's a great fellow.

Q: As you have been describing the various experiences you've had—and we've touched on only a few since 1975, over a period of 15 years—could I conclude that in one sense you were formally the ambassador appointed by the United States in 1969-75, but you also have been very much an ambassador, perhaps without portfolio, since that period?

DAVIS: We've done a lot of traveling. We don't really do it in the summer, but in the early fall. We do regularly go to China and Russia and, of course, also Japan en route to China. We know the others in the Far East, Singapore and so on. But those, I think, are vital parts. I think if we want to hazard a guess at what's going to happen in the world, I think it's a good idea to know those places.

Q: Do you feel that your greatest influence in this 15-year period since 1975 has been on bringing insights from the Soviet Union and China and Japan and other countries back to key opinion molders in the United States, or in influencing the leadership that you have come into contact with repeatedly in these countries?

DAVIS: I think it's really the former. Actually, there is a certain reason. My wife, Kathryn, who had written a book on Russia, she has been called upon by women's clubs and the English-speaking Union, people like this, they're always looking for speakers, and she is really a speaker herself on Russia, China, and Switzerland, those three countries. So she likes to be kept up to date on it, and that's one reason. That's being put to practical use, I think. She's speaking at the Navigators of the World, something like that, at the Women's National Republican Club next week on Russia and Siberia. So that is something that's practical.

I think mine is more of an interest. I think if you understand these countries, it's fulfillment, I mean, if you're in finance, it's a good thing to understand. I've never actually had any problem with the Russian people themselves. When we go and travel, they smile and sometimes when you're having dinner and they're having a big dinner, it must be some anniversary, they'll send over a bottle of champagne to us, which is a very nice thing to do.

Q: You were recently with Ambassador Matlock in Moscow, who is a Russian expert.

DAVIS: Oh, yes. A great fellow, fine.

Q: Do you feel that the nature of our foreign policy and the way it's exercised through our embassies, do you feel that that is as effective as we could expect it at this point in time, both because of your optic, as ambassador to Switzerland, but also from your personal knowledge, with your frequent returns to the Soviet Union?

DAVIS: It seems so to me, but, of course, I think the Secretary is very important. He is getting around and doing a lot. Actually, this is between ourselves, Frank Carlucci, our Secretary of Defense, has to go back at 9:00 o'clock because he's having a meeting with Shultz the next morning at 7:30. But I think not only the ambassadors, but I think the overview of the State Department itself is valuable. Of course, the ambassadors will use business people and all where they can get their information. I know it perhaps can be done better, but I honestly don't know in what way.

Q: So you are very positive in terms of this experience, both in Switzerland and in your lifetime.

DAVIS: Oh, I think so.

Q: And would feel that our openings to the Soviet Union and to China are very relevant.

DAVIS: I think so. There are only a billion people in China. (Laughs) Only a billion. I think we need good relations, and I just hope we'll get them with Russia.

Q: Let me end by asking you, having done your early studies in the field of economics and monetary policy, finance, and having seen the birth of the World Bank and International Monetary Fund, referred to as the Bretton Woods Institutions, how do you feel about this system, particularly with the experience in a very sophisticated banking environment

in Switzerland, how do you feel about the current relevance and effectiveness of these institutions?

DAVIS: I wish I could honestly answer that. Of course, I've thought that Bretton Woods is better because we knew the value of each currency and all that, but I'm not really sure that I am aware of all the various things, such as Jimmy Baker has done this and all that. I feel the dollar probably was overpriced, but I don't have the real feeling that I can make a sound judgment. I really don't. I wish I could. It's more that I think we're all more comfortable under Bretton Woods, but maybe, as Jimmy Baker said, he was the one who really got the dollar down. In order to help our exports, maybe he was right. But I honestly don't have a firm opinion on it. I wish I had.

Q: This tape will be in the Association for Diplomatic Studies' Archives, and it will be reviewed by both graduate students, professors in the field of diplomatic studies, and undoubtedly career and non-career ambassadors. Would you like to leave them with any final judgment in terms of the impact of your career on your life and the possibility of anything they should keep in mind in considering a comparable career?

DAVIS: I think I and my wife feel our days in Switzerland were one of the happiest we've had, and useful. I would say a career in the Foreign Service would be a wonderful thing.

Q: Ambassador Davis, I would like to thank you ever so much for making yourself available for this interview. You will have an opportunity to inspect the transcript.

DAVIS: Thank you very much. I thoroughly enjoyed the experience.

End of interview